

ASX Release

22 November 2017

COCA-COLA AMATIL 2017 INVESTOR DAY

Coca-Cola Amatil is this week hosting an Investor Tour and Management Presentations to provide a progress update on the Group strategy and a number of its businesses.

Group Managing Director Alison Watkins said the events are being held in Jakarta, Indonesia, at the heart of one of Coca-Cola Amatil's major growth markets.

"The venue for this year's Investor Day recognises the important role Indonesia plays in delivering Coca-Cola Amatil's future growth plans," Ms Watkins said.

"Our 6,300-strong Indonesian team have made solid progress in collaboration with The Coca-Cola Company across all of our strategic priorities. This puts us in an excellent position for driving further growth, despite subdued consumer spending in some sectors. We'll be taking the opportunity to highlight our progress and outline our plans for the future."

Ms Watkins said the briefing would also include an overview of the Coca-Cola Amatil Group, an accelerated plan for Australian Beverages and new opportunities underway for Alcohol & Coffee.

Group

Ms Watkins said Coca-Cola Amatil remained focused on the Group strategy and delivery of the Shareholder Value Proposition in the medium term.

"As discussed at our half-year results, the majority of our businesses are meeting or exceeding expectations of performance," Ms Watkins said.

"We have strong earnings growth, in Indonesia, Papua New Guinea, and Alcohol & Coffee. We are delighted with our progress in New Zealand and Fiji. We have completed our share buyback program, and are close to finalising the sale and leaseback of our Richlands facility.

"While our Australian Beverages business experienced a challenging start to the year, we have seen some improvements.

"On the strength of these outcomes, we reaffirm that FY17 Group underlying NPAT is expected to be broadly in line with FY16, as announced in April and confirmed at our half year results in August. We also recognise the uncertain impact of the NSW Container Deposit Scheme which takes effect from 1 December."

Accelerated Australian Growth Plan

Ms Watkins said the Australian Beverages business had strong fundamentals and acknowledged the need to move faster to rebalance its portfolio.

"Our Accelerated Australian Growth Plan brings forward around \$40 million in reinvestment of cost savings to 2018, to deliver increases in marketing, execution, cold drink equipment, digital technology and price," Ms Watkins said.

"Building on our 'Lead, Execute, Partner' strategy, the Plan amplifies initiatives already in place and is underpinned by joint commitments with The Coca-Cola Company, commercially aligned targets and a renewed focus on revenue growth," Ms Watkins said.

"We're excited by this opportunity, which gives Australian Beverages more room to move in building our category presence while retaining our share in areas of existing market strength.

"We do expect an impact on near-term earnings from this accelerated reinvestment, and from the uncertain impact of container deposit schemes. However, the Plan is consistent with Australian Beverages' low single digit earnings growth objective in the medium term."

Alcohol & Coffee: International Opportunities

Ms Watkins said that the Alcohol & Coffee business was pursuing international opportunities and would be highlighting an opportunity to expand in Indonesia. The opportunity builds on an exclusive master supply agreement between Coca-Cola Amatil's iconic Grinders business and global machine-capsule company Caffitaly to bring café quality coffee into thousands of Indonesian homes.

The partnership would bring Coca-Cola Amatil's extensive sales and distribution network together with Caffitaly's world-class coffee systems. It would be accompanied by a range of premium Grinders café-quality coffees, specifically designed for Indonesian tastes.

As part of the agreement, CCAI will take responsibility for sales and distribution, and Alcohol & Coffee will manage the brand and its marketing.

Ms Watkins said the Indonesian 'café scene' was rapidly emerging, with overall coffee consumption growing at 20 per cent over the past five years, and palate evolution resulting in a growing preference for 'fresh coffee'.

"We are very excited to be unveiling a revolutionary new system that will bring café-quality coffee to the homes of Indonesians, in a single touch," Ms Watkins said.

"Our Alcohol & Coffee business has been successful in delivering growth for Coca-Cola Amatil; this new partnership and expansion into Indonesia holds promise for further growth."

"The combination of our wonderful coffee brand offering with the execution capability of our Indonesian business puts us in a unique position to capture the growth potential in the market in this category."

Outlook

Ms Watkins said Indonesia, Papua New Guinea, New Zealand, Fiji, Alcohol & Coffee & SPC were all on track to deliver in line with the Shareholder Value Proposition.

"Australian Beverages' and consequently Group near term earnings will be impacted by the accelerated reinvestment of approximately \$40 million in cost savings in 2018, and the uncertain impact of container deposit schemes," Ms Watkins said.

"Despite these impacts, we remain committed to our target of mid-single digit earnings growth per share in the medium term. Delivery will depend on the success of revenue growth initiatives in Australia; economic factors in Indonesia and regulatory conditions in each of our markets.

"At our last investor briefing we outlined our Lead, Execute and Partner strategies for stronger category leadership, step changes in productivity and in-market execution, and better alignment with The Coca-Cola Company and our other partners.

"These strategic themes remain unchanged. While the structural changes in our industry will continue, we know what we need to do, and as we said last year, there's a lot in our business to be positive about."

For further information:

Patrick Low
Mobile: +61 447 121 838
Email: patrick.low@ccamatil.com

Liz McNamara
Mobile: +61 405 128 176
Email: liz.mcnamara@ccamatil.com

ABOUT COCA-COLA AMATIL

Coca-Cola Amatil is one of the largest manufacturers and distributors of ready-to-drink non-alcohol and alcohol beverages, coffee and ready-to-eat food snacks in the Asia Pacific region. Coca-Cola Amatil is also the authorised manufacturer and distributor of The Coca-Cola Company's beverage brands in Australia, New Zealand, Fiji, Indonesia, Papua New Guinea and Samoa. Coca-Cola Amatil directly employs around 14,000 people and indirectly creates thousands more jobs across the supply chain, partnering with key suppliers to manufacture, package, sell and distribute its products. With access to more than 270 million potential consumers through more than 850,000 active customers Coca-Cola Amatil is committed to leading through innovation and building a sustainable future and delivering long-term value to shareholders.

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